

**SBA News and Views** is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

## *Serving America's Small Businesses*

### U.S. Small Business Administration Wisconsin District Office

Eric Ness, District Director  
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### **SBA Teams with Dun & Bradstreet**

Small business owners now have a new small business resource to help improve their chances for profitability by understanding the importance and use of business credit. The U.S. Small Business Administration has launched a series of training resources designed to help small business owners manage their business credit.

The SBA and Dun & Bradstreet (D&B) have joined together in a nationwide partnership to give small business owners valuable step-by-step guidance on how to proactively manage their business credit. With the training resources, small business owners are advised to take the following five smart steps to establish and maintain a positive business credit file:

#### **Step One: Start a business credit file**

To establish business credit, business owners may need to obtain a D-U-N-S® Number, a unique business identification number, to begin to establish a credit file as soon as they start their business.

#### **Step Two: Establish a credit history**

Business owners should put all expenses in their business name and use a commercial bank account to pay bills, rather than using personal funds. This approach will allow business owners to build a history of payment behavior that will help establish favorable credit terms.

#### **Step Three: Pay bills on time**

Commercial credit scores are influenced by paying bills on time as well as other factors, such as outstanding debts and company revenues.

#### **Step Four: Monitor and understand their business credit file**

Business owners should monitor their credit file before any change occurs that might affect relationships with suppliers, customers, and banks.

#### **Step Five: Monitor customer and supplier credit**

Business owners can improve cash flow by knowing the credit standing of business partners before agreeing to payment terms.

The training resources include an online Webinar. For the webinar, the direct link is

[www.sba.gov/services/training/onlinecourses/index.html](http://www.sba.gov/services/training/onlinecourses/index.html), and then select Smart Steps for Managing Business Credit under the Business Management header. There is an easy to follow 12 minute segment. Brochures are currently available, and the CD-Rom will be available in mid-2008.

The resources are currently available in English, with Spanish translations becoming available in mid-2008.

"Both the SBA and Dun & Bradstreet has a long history of experience in working with small businesses to maximize their business success," said SBA Administrator Steve Preston. "These are five smart and easy steps that any small business can

implement to establish and maintain a good business credit and protect their businesses.”

D&B has worked with business leaders for more than 165 years to provide critical insight and tools to foster growth and protect their businesses. “This new partnership between the SBA and D&B will help small business owners optimize their business credit profile, which can potentially lower costs of credit and improve cash flow,” said David Kieselstein, Senior Vice President, Small Business, D&B.

Dun & Bradstreet (D&B) is a leading business information provider that offers database services that allows business principals to review and update their company information. D&B has a dedicated portal – <https://eupdate.dnb.com/default.asp?partnerid=SBA> -- for small business owners.

The U.S. Small Business Administration, the nation’s largest financial backer of small businesses has teamed with the D&B to expand tools for business solutions. The SBA’s programs and services help business owners start, run, and grow their businesses, and provide a range of financial, technical, and management assistance.

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### **SBA Presents at Veterans Fair**

On January 9, 2008, SBA Veteran Liaison and Business Development Specialist Joe Rosner presented SBA’s programs and services that are available to women/ veterans at a Wellness Fair for Women Veterans at the VA Medical Center in Milwaukee. The Wellness Fair honored the service of female veterans and provided information on wellness and health tips as well as information about various resources that are available for women veterans.

### **SBA Submits Proposed Rule**

*SBA Submits Proposed Rule Regarding Women-Owned Small Business Contracting Procedures*  
The U.S. Small Business Administration submitted a proposed rule for publication in the Federal Register regarding the creation of a women-owned small business (WOSB) contracting procedure on December 20, 2007. The rule is the direct result of a statutory study commissioned from the RAND Corporation.

The RAND study considered two methodologies, one based on a number of contracts to WOSBs and one based on the dollar amount of contracts to WOSBs. SBA selected the dollar amount to align with the federal government’s goal of increasing the dollar amount of contracts to WOSBs. The RAND analysis found, using this methodology, that WOSBs participating in federal contracting was under-represented in certain industries. These industries are National Security and International Affairs; Coating, Engraving, Heat Treating, and Allied Activities; Household and Institutional Furniture and Kitchen Cabinet Manufacturing and; Other Motor Vehicle Dealer.

Under this proposed rule, a contracting officer in any federal agency could set aside contracts or work, but only within an industry in which WOSBs have been identified as under-represented or substantially under-represented. Only small businesses owned or controlled by economically disadvantaged women would then be eligible for these contracts.

Contracts or work under this rule may not exceed \$3 million (\$5 million for manufacturing). Furthermore, prior to reserving procurement exclusively for WOSBs, each agency is required to conduct an appropriate analysis of its own procurement history to determine whether there is sufficient evidence of relevant discrimination in that industry by the procuring agency.

The proposed rule is open to public comment for 60 days after its publication in the Federal Register.

### **Q&A on Women-Owned Small Business Contracting Procedures**

**1. How did SBA decide which industries to include in its analysis of women-owned small businesses (WOSBs) in government contracting? How many contracting categories were analyzed?**  
SBA contracted with the highly respected RAND Corporation, which specializes in government studies, to perform an analysis of under-representation of WOSBs. RAND’s methodology was based on a report by the National Academy of Sciences, which provided direction on how to conduct the statistically valid disparity study. The RAND study identified a multitude of ways to measure under-representation of WOSBs, analyzing all contracting categories – 140 total – in which it had sufficient survey samples.

**2. How is it possible that WOSBs are underrepresented in only four categories when women-owned businesses account for nearly 28 percent of all American businesses but receive only 3.4 percent of all federal contract dollars?**

It is important to make distinctions about what the data actually represents. The frequently cited statistic that more than one-fourth of American businesses are women-owned is correct, but this includes **all** women-owned businesses, combining small, medium, and large-sized firms throughout the U.S. economy.

In addition, while a simple count of businesses may be useful for some analyses, it tells us little about the economic potential and role of these firms in federal contracting. Comparing the **number** of businesses with the **dollar value** to contracts is an inappropriate comparison, because the number assumes comparability between small businesses and large multinationals.

Considering this, there is good news in RAND's analysis: **When WOSBs compete for contracts, they do well.** In fact, over the last several years under the Bush Administration, the amount going to WOSBs have increased dramatically. Prime contract dollars increased from \$4.6 billion in 2000 to \$11.6 billion in 2006. Moreover, in 2006, WOSBs obtained a \$1.5 billion increase in contracts from the previous year, their largest one-year increase ever.

**3. Doesn't the proposed rule actually limit access to government contracts for WOSBs and negatively affect their annual revenues?**

On the contrary, WOSBs will have increased access to contracts in the four categories in which

disparity was determined when the various federal agencies implement this program. WOSBs have the same right to compete for federal contracts that they always had, and in fact have the opportunity to qualify for a number of other additional set-aside programs. Furthermore, the SBA is working to ensure federal agencies meet their overall small business contracting targets and this work includes WOSBs. Last summer, SBA launched a procurement Scorecard that tracks agencies' progress in reaching their small business goals. In addition, after working with agencies to identify federal contracting database miscoding and anomalies, SBA released the Fiscal 2006 Small Business Goaling Report and a revised Fiscal 2005 report, providing a more accurate picture of government's small business contracting achievements. These tracking tools increase transparency and accountability in the procurement process.

**4. Why does the proposed rule require agencies to conduct their own analysis of past procurement practices and make a finding of discrimination in order to set-aside contracts to WOSBs?**

Based on legal standards that apply to all such programs, the U.S. Department of Justice offered general guidance to SBA on how best to establish procedures that could withstand legal challenge. Before a contracting officer may restrict competition to WOSBs under section 8(m), the agency must determine through analysis of its own procurement history that the set-aside will be consistent with constitutional standards. In particular, the proposed rule provides that the agency must determine whether the set-aside is substantially related to remedying past gender discrimination in the relevant industry.

**5. How are WOSBs performing in the federal contracting marketplace?**

SBA has successfully fostered procurement opportunities for WOSBs through its programs and district offices, which is demonstrated by the increase in contracting dollars awarded to them over the last several years:

- Between FYs 1999 and 2006, WOSBs' share of federal procurement dollars increased from \$4.6 billion to \$11.6 billion, a 152 percent increase over that period;
- Between FYs 2001 and 2006, federal subcontracting dollars to WOSBs increased from \$4.1 billion to \$10.1 billion, a 146 percent increase over that period;
- Contracts to WOSBs accounted for \$11.6 billion in FY 2006 and 3.4 percent of federal procurement, an increase of \$1.5 billion from FY 2005.

**6. What is the best way to increase WOSBs' share of federal contracts?**

As noted above, registered WOSBs in the Central Contract Registration (CCR) system are competing successfully for federal contracts. The key to increasing the portion of contracting dollars that go to WOSBs is to increase the number of WOSBs in the CCR.

The SBA is working diligently towards this goal and with federal agencies to reach the 5 percent WOSB target. Currently, resources for WOSBs interested in contracting include Small Business Development Centers (SBDC), Women's Business Centers (WBC), SCORE, Procurement Technical Access Centers (PTAC), and the Office of Small Disadvantaged Business Utilization (OSBDU) centers. PTACs are under the purview of the Department of Defense, while all agencies have OSBDUs.



Within the Office of Small Disadvantaged Business Utilization at the major procuring agencies, there are often women's business advocates.

Furthermore, SBA district offices nationwide continually work to increase WOSBs in federal government contracting through matchmaking events, training, and close collaboration with federal, state and local contracting officials, resource partners and the private sector.

### **SBA at Procurement Events**

On January 10, 2008, SBA Business Development Specialist Linda Krysiak presented SBA programs at a Selling your Products and Services to the Government event at Chippewa Valley Technical College in Eau Claire. The event focused on Government Business Development.

In addition, on January 17, 2008, SBA District Director Eric Ness gave an SBA Perspective to a group at the Holiday Inn in Fond du Lac at a training seminar on subcontracting and related current topics. Eric was joined by SBA Business Development Specialist, Linda Krysiak who took part in panel discussions.

### **Business.gov Unveils State & Local Search Features**

#### **Google, Web 2.0 Search and Expanded Content Top the List of New-Release Features**

Business.gov, the official business link to the U.S. government, has launched new search features and expanded content that make it easier for small business owners to find essential information they need to run their operations, including forms, licenses, permits

and regulatory information from federal, state and local governments.

In addition to federal government resources, business owners now have access to over 9,000 state, territory, county, and city government Web sites providing information on starting and managing a business while complying with regulations from all levels of government.

Business.gov's new search service is a "mashup" – a unique service created by combining content from separate Web applications – of Google-based services that include Google's Custom Search Business Edition, Google Maps. The Google Search Appliance and publicly available compliance information culled from federal, state and local government Web sites.

The new service improves upon general search services by delivering results directly aligned with doing business in a specific geographic area, saving business owners time by getting to the right information more quickly. For example, if a user types in "business licenses Richmond, VA" the relevant results on licenses will be returned from the City of Richmond and State of Virginia Web site.

"The inclusion of state and local content on Business.gov means that small business owners can go to one website to find what they need to successfully manage their operations," said Nancy Sternberg, program manager of the Business Gateway Initiative. "Business.gov helps give small business owners a complete understanding of what is needed to comply with government regulations."

Business.gov has also expanded the content of its Small Business Guides that help business owners

understand what regulations and programs apply to them, how to comply, and how to stay in compliance while growing and managing their operations. For example, if a retail business is interested in expanding its business online, the Small Business Guide to E-Commerce will provide guidance on legal and regulatory requirements the business owner must meet before opening an online store.

Business.gov's expansion follows the recent addition of a new "Permit Me" feature, providing a single source for information on obtaining federal, state, and local permits, business licenses, and registrations for types of businesses most popular with Business.gov users.

#### **About Business.gov**

Business.gov is the official business link to the U.S. Government. Business.gov is managed by the [Small Business Administration \(SBA\)](#) in a partnership with 21 other federal agencies. This partnership, known as Business Gateway, is a [Presidential E-government initiative](#) that provides a single access point to government services and information to help the nations businesses with their operations. Originally launched in 2004, the Web site provides information that helps businesses comply with government regulations.

### **Small/Rural Lender Advantage Initiative**

The U.S. Small Business Administration (SBA) is introducing a new 7(a) loan initiative designed to accommodate the unique loan processing needs of small community/rural-based lenders, many of which do not make SBA 7(a) loans or make very few SBA loans. Small/Rural Lender Advantage is part of a broader SBA initiative to promote the economic development of

local communities, particularly those facing the challenges of population loss, economic dislocation, high unemployment, etc. It is a component of the Agency's 7(a) loan guarantee program and is designed to encourage small community rural lenders to partner with SBA by simplifying and streamlining the Agency's application process and procedures, particularly for smaller SBA loans.

SBA will introduce Small/Rural Lender Advantage in Region VIII on December 17, 2007 (we are in Region V), and will test the facility over a period of about 6 months (or other time period as determined by SBA's Administrator). Based on the test results, the Agency will subsequently extend the program to additional geographic areas as approved by the SBA Administrator in keeping with the Agency's 7(a) loan volume restrictions as established in accordance with SBA's FY 2008 budget estimates/projections, which limit the initiative to about 2,000 loans in FY 2008.

To read more on the Small/Rural Lender Advantage Initiative, you can access it at [www.sba.gov/idc/groups/public/documents/wi\\_milwaukee/rural\\_lender.pdf](http://www.sba.gov/idc/groups/public/documents/wi_milwaukee/rural_lender.pdf)

### ***SBA Attends Roundtable***

On January 14, 2008, SBA Business Development Specialist Linda Krysiak and Deputy District Director Julious Hulbert took part in a Roundtable discussion held at KPH Construction Corp. in Milwaukee. KPH has a non-profit "Emerging Construction Business Incubator" that mentors MBE, DBE, EBE 8(a) and disabled Veteran firms. Topics at the roundtable included projects that have been a success for KPH and incubator members,

opportunities for incubator members and Federal updates by Congresswoman Gwen Moore on 8(a), disabled veteran programs and woman set-asides.

### ***Small Businesses Nominate Regulations for Review and Reform***

#### **Nominations Made in Response to Advocacy's r3 Initiative**

Small business owners and their representatives have nominated over eighty existing regulations for review and reform in response to the Office of Advocacy's Regulatory Review and Reform (r3) initiative. The "Top 10" nominated rules will be transmitted to appropriate federal agencies for review and reform.

"The fact that our office received over eighty strong nominations shows that small businesses are concerned about the cumulative weight of regulations," said Chief Counsel for Advocacy, Thomas M. Sullivan. "Not only will the strongest and most compelling cases make our Top 10 list, the rest of the nominations are giving us insight into regulatory areas of most concern to small businesses."

Advocacy will transmit the Top 10 list to agencies in the spring and will work to ensure that the listed rules will be reviewed and reformed. In order to track agency progress, the recommended reforms will be posted on Advocacy's website and an update on the status of reforms will be published twice a year. Advocacy encourages small businesses and their representatives to follow the progress of the reforms and comment to the agencies on that progress.

Advocacy created the r3 initiative because complying with federal regulations now costs our

economy \$1.1 trillion per year, which costs more per household than healthcare. The smallest of businesses bear the brunt of regulations. They annually pay 45 percent more per employee to comply with federal regulations than big businesses do.

Find out more about the r3 initiative and agency progress in reviewing and reforming the Top 10 rules by visiting [www.sba.gov/advo/r3](http://www.sba.gov/advo/r3).

The Office of Advocacy, the "small business watchdog" of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.

### ***Editor's Notes***

#### **TRAINING CALENDAR**

Be sure to visit <http://web.sba.gov/calendar/public/index.cfm?op=group&grp=73> for business training opportunities offered by SBA, SCORE, Small Business Development Centers, Women Business Centers, Procurement Assistance Centers and the Wisconsin Procurement Institute. This site will become your first stop when looking for training sessions, conferences and seminars at the federal level but will also include state, local and private activities when they pertain to small business improvement.

### ***December 2007 Loans***

#### **December Micro Loans**

**Advocap** - 1 Loan for \$14,000  
**Wisconsin Women's Business Initiative Corporation** - 8 Loans for \$164,393